

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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FOR RELEASE October 10, 1961

**THREE BROKER DEALER REGISTRATIONS REVOKED.** The SEC has issued orders under the Securities Exchange Act (Release Nos. 34-6648, 6649 and 6650) revoking the broker-dealer registrations of the following: Barclay Securities Corporation, 40 Exchange Place, New York; Lindsay Securities Corporation, 513 International Trade Mart, New Orleans; and Quinn, Neu & Co., Inc., 40 Exchange Place, New York. Barclay Securities also was expelled from membership in the National Association of Securities Dealers, Inc. Barclay Securities and Lindsay Securities waived a hearing and consented to the revocation orders. Notice of the proceeding was served upon Quinn, Neu & Co. and its president, Kevin Quinn, but neither entered an appearance.

Revocation of the registration of Barclay Securities was based upon a New York State Court order in December 1960 permanently enjoining it and its president, William Rosenblatt, from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security in New York. The complaint in that action sought a court order restraining them from making false and misleading statements in the sale of stock of Golden West Markets, Inc., Petrosur Oil Corporation and Alaska International Corporation; and both the company and Rosenblatt consented to the court order. Rosenblatt was named as a cause of the revocation order.

In the case of Lindsay Securities, the Commission ruled that it and its president, James A. Lindsay, violated the Securities Act registration and anti-fraud provisions in the offer and sale of stock of Oil, Gas & Minerals, Inc., and American Investor Syndicate to over 300 public investors in various states. False and misleading statements made in connection with the offer and sale of such stock included misrepresentations with respect to the use of proceeds of the stock sale and the use of false financial statements of both issuing companies. As to Oil, Gas & Minerals stock, purchasers were not informed of restrictions on the resale of shares, that shares sold at an increase in price from \$1 to \$2 per share were personally owned by Lindsay, that the increase in the sale price was arbitrary, and that there was no market for the stock. The Commission also held that Lindsay Securities engaged in the conduct of a securities business in violation of the broker-dealer registration requirement; failed to amend its registration application to correct information therein which became inaccurate as a result of changes in officers and principal stockholders; and failed to make and keep current required books and records. Lindsay was held to be a cause of the revocation order.

With respect to Quinn, Neu & Co., the Commission ruled that it failed to make, keep current and preserve required books and records and that it is permanently enjoined by a New York State Court order from engaging in the securities business in New York. Quinn was held to be a cause of the revocation order.

**A T & T SEEKS ORDER.** American Telephone and Telegraph Company has applied to the SEC for an order under the Trust Indenture Act declaring that the trusteeship of Manufacturers Hanover Trust Company under five trust indentures is not so likely to involve a material conflict of interest under the Act as to make it necessary to disqualify said Trust Company from acting as trustee under said indentures; and the Commission has issued an order (Release TI-159) giving interested persons until October 31, 1961, to request a hearing thereon. Four of the indentures were issued to The Hanover Bank (formerly called Central Hanover Bank and Trust Company) and one to Manufacturers Trust Company. The two banks were merged in September 1961.

**MISSISSIPPI P & L ORDER ISSUED.** The SEC has issued an order under the Holding Company Act (Release 35-14527) authorizing Mississippi Power & Light Company (Jackson) to transfer \$2,850,000 from its earned surplus account to its common stock capital account, such amount being equivalent to \$1 per share on the outstanding common stock.

**GPU SUBSIDIARIES FILE PROPOSAL.** New Jersey Power & Light Company and Jersey Central Power & Light Company, Morristown, N. J., subsidiaries of General Public Utilities Corporation, have filed a proposal with the SEC under the Holding Company Act for the transfer of certain property from the former to the latter; and the Commission has issued an order (Release 35-14528) giving interested persons until October 27th to request a hearing thereon. Under the proposal, New Jersey Power ("NJP&L") will sell to Jersey Central Power ("JCP&L") certain property consisting of land and land rights to be used for a pumped hydroelectric project designated as the "Yards Creek Pumped Storage Project." The consideration therefor will consist of (a) \$436,399.97 in cash, being the original cost of such property to NJP&L as of April 30, 1961; (b) the assumption of all of NJP&L's outstanding obligations for the purchase and development of such property; (c) the assumption of NJP&L's obligations under a certain agreement between NJP&L and the State of New Jersey dated March 1, 1961, the same being an agreement providing for, among other things, the purchase and sale of certain property related to the proposed transaction, and the payment by NJP&L to said State of \$250,000; and (d) interest on the above mentioned sum of \$436,399.97 at the rate of 1/2% per month from May 1, 1961, to the date of settlement, such interest being the equivalent of interest during construction which NJP&L will accrue from said date. It is stated that this intrasystem transaction is proposed because the Yards Creek project is substantial in size and that the larger company will more readily than NJP&L be able to finance the Yards Creek project and because it will avoid the creation of an impediment to the possible ultimate merger of NJP&L and JCP&L.

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**NATIONAL FUEL GAS FILES PROPOSAL.** National Fuel Gas Company, New York, has filed a proposal with the SEC under the Holding Company Act for the acquisition of stock of two companies; and the Commission has issued an order (Release 35-14529) giving interested persons until October 27th to request a hearing thereon. Under the proposal, National will acquire all the outstanding common stocks of Empire Gas & Fuel Company Limited (12,400 shares) and of Empire Gas and Fuel Company (2,000 shares), all of which shares are presently held directly or indirectly by about 20 holders. In consideration therefor, National will issue 108,100 and 6,400 shares, respectively, of its common stock. The first named company is a gas utility company which operates in southwestern Steuben and southern Alleghany counties, New York; and the latter operates gas and oil wells in Potter County, Pa., and is principally engaged in the production, purchase, transmission and sale for resale of natural gas. It is contemplated that the two companies will be merged with appropriate subsidiaries of National.

**TRADING IN BLACK BEAR INDUSTRIES SUSPENDED.** The SEC has issued an order temporarily suspending trading in the common stock of Black Bear Industries, Inc. (formerly Black Bear Consolidated Mining Co.) on the San Francisco Mining Exchange and the over-the-counter market for a further ten-day period October 11 to 20, 1961, inclusive.

**RICHARDSON-MERRELL FILES INCENTIVE PLAN.** Richardson-Merrell Inc. (formerly Vick Chemical Company), 122 East 42nd Street, New York, filed a registration statement (File 2-19111) with the SEC on October 9th seeking registration of \$1,800,000 of interests in the company's Incentive Plan, and 20,000 shares of capital stock which may be acquired pursuant thereto.

**DATA-DESIGN LABS FILES FOR STOCK OFFERING.** Data-Design Laboratories, 945 East California Street, Ontario, Calif., filed a registration statement (File 2-19112) with the SEC on October 9th seeking registration of 100,000 shares of capital stock, to be offered for public sale by Morgan & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 7,800 outstanding shares underlying five-year warrants sold by certain present stockholders, to the underwriter at 1¢ each, exercisable at the public offering price, and 5,200 shares underlying like warrants sold to William R. Staats & Co.

The company is engaged in the business of writing and preparing operation and maintenance manuals, training aids, technical proposals and reports covering complex electronic equipment and systems produced for the Department of Defense, and also acts as a consultant to various federal government defense agencies and to contractors with such agencies on matters pertaining to technical publications and the training of personnel in the field of electronics. Of the net proceeds from the stock sale, \$120,000 will be used to retire a short-term bank loan, and the balance will be added to working capital to be available for general corporate purposes, including future development and expansion of business.

In addition to certain indebtedness, the company has outstanding 165,000 shares of capital stock, of which Edward H. Heller, Frederick L. Anderson and Donald Royce, Sr., a director, own 22.73%, 22.73% and 18.18%, respectively, and management officials as a group 20.91%. Kenneth L. McLellan is listed as president.

**KORMEL INC. ENJOINED.** The SEC San Francisco Regional Office announced September 28th (Lit-2116) the entry of a Federal court order (USDC Nev.) permanently enjoining Kormel, Inc., of Las Vegas, Ralph Lee Knight, C. Marguerite Knight and J. R. (Rod) Knight from further violations of the Securities Act anti-fraud provisions in the offer and sale of Kormel stock.

**SEC COMPLAINT NAMES PERMA RESEARCH & DEVELOPMENT.** The SEC Boston Regional Office announced October 5th (Lit-2117) the filing of a complaint in Federal court (USDC Boston) seeking to enjoin Perma Research and Development Company and Frank A. Perrino from further violations of the Securities Act registration and anti-fraud provisions in the offer and sale of Perma Research stock.

**KELLER BROS. SECURITIES ENJOINED.** The SEC Boston Regional Office announced October 6th (Lit-2118) the entry of a Federal court order (USDC, Boston) permanently enjoining Keller Brothers Securities Co., Inc., of Chestnut Hill, Mass., and Herman J. Keller from further violations of the anti-fraud provisions of the Securities Exchange Act in the sale of stock of Phoenix Savings & Loan Association, Inc.

**COLUMBUS & SOUTHERN OHIO ELECTRIC PROPOSES OFFERING.** Columbus and Southern Ohio Electric Company, 215 North Front St., Columbus, O., filed a registration statement (File 2-19113) with the SEC on October 10th seeking registration of 148,640 shares of common stock, to be offered for public sale through underwriters headed by Dillon, Read & Co. Inc. and The Ohio Company. The offering price and underwriting terms are to be supplied by amendment. The \$10,000,000 estimated net proceeds of the stock sale will be used to reduce bank loans of about that amount. The loans were effected principally to enable the company to pay in part the cost of property additions and improvements. The company's construction program for the period September 1961 through December 1963 is estimated to cost about \$45,900,000.

**SECURITIES ACT REGISTRATIONS.** Effective October 10: Buffums' (File 2-18645); Duke Shopping Center Limited Partnership (File 2-18394); General American Transportation Corp. (File 2-18931); Lowe's Companies, Inc. (File 2-18593); Motorola, Inc. (File 2-18822); Proctor-Silex Corp. (File 2-18745); Public Service Electric and Gas Com (File 2-18930); Theil Publications Inc. (File 2-18554); Urethane Industries International, Inc. (File 2-18171). Withdrawn October 10: Tel-A-Sign, Inc. (File 2-17653).